

HOUSE BILL NO. 534

INTRODUCED BY H. RASER, NEWMAN, FRITZ

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING AN INDIVIDUAL INCOME TAX CREDIT FOR TAXPAYERS 65 YEARS OF AGE OR OLDER IN AN AMOUNT EQUAL TO 50 PERCENT OF THE COST OF INSULIN AND PRESCRIPTION DRUGS OR MEDICINES; ESTABLISHING ~~INCOME LIMITS~~ A MAXIMUM ALLOWABLE CREDIT; PHASING OUT THE CREDIT BASED ON INCOME; DEDICATING THE INTEREST AND INCOME FROM \$10 MILLION OF THE TOBACCO SETTLEMENT TRUST FUND TO OFFSET PART OF THE COST OF THE CREDIT; AND PROVIDING ~~AN IMMEDIATE~~ A DELAYED EFFECTIVE DATE ~~AND A RETROACTIVE APPLICABILITY DATE.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. SECTION 1. LEGISLATIVE FINDINGS AND DECLARATION OF PURPOSE. THE LEGISLATURE DECLARES THAT FOR THE PURPOSES OF ARTICLE XII, SECTION 4, OF THE MONTANA CONSTITUTION, THE CREDIT ALLOWED UNDER [SECTION 2] IS A STATE PROGRAM THAT PROVIDES A BENEFIT, SERVICE, OR COVERAGE THAT IS RELATED TO THE HEALTH CARE NEEDS OF THE PEOPLE OF MONTANA.

NEW SECTION. Section 2. Tax credit for insulin and prescription drugs. (1) There is a credit against the taxes otherwise due under this chapter for the actual expenses incurred for insulin or prescription drugs or medicines referred to in section 213(b) of the Internal Revenue Code, 26 U.S.C. 213(b), to the extent that the expenses are not compensated for by medical insurance or by other sources.

(2) Subject to the conditions of this section, the amount of the credit allowed under subsection (1) is 50% of the amount paid by the taxpayer for insulin or prescription drugs or medicines in the tax year. THE AMOUNT OF THE TAX CREDIT ALLOWABLE UNDER SUBSECTION (1) MAY NOT EXCEED \$200.

(3) In order to claim the credit under this section, the taxpayer must be 65 years of age or older in the tax year for which the credit is claimed.

~~—— (4) (a) A taxpayer filing singly or head of household may not claim the credit if the taxpayer's adjusted gross income exceeds \$22,500.~~

~~(b) Married taxpayers filing a separate return or married filing jointly may not claim the credit if~~

1 ~~their combined adjusted gross income exceeds \$36,000.~~

2 (4) THE DOLLAR AMOUNT OF CREDIT ALLOWABLE UNDER THIS SECTION IS:

3 (A) FOR A TAXPAYER FILING SINGLY OR HEAD OF HOUSEHOLD, REDUCED BY \$1 FOR EVERY \$5 OF GROSS
4 HOUSEHOLD INCOME OVER \$22,500; OR

5 (B) FOR MARRIED TAXPAYERS FILING SEPARATELY OR MARRIED FILING JOINTLY, REDUCED BY \$1 FOR EVERY \$5
6 OF GROSS HOUSEHOLD INCOME OVER \$36,000.

7 (5) If the credit allowed under subsection (1) is claimed, the amount of the deduction allowed or
8 allowable under this chapter for the amount that qualifies for the credit must be reduced by the dollar
9 amount of the credit allowed.

10 (6) The credit allowed under this section may not be claimed as a carryback or carryforward and
11 may not be refunded if the taxpayer has no tax liability.

12 (7) FOR THE PURPOSES OF THIS SECTION:

13 (A) "GROSS HOUSEHOLD INCOME" HAS THE SAME MEANING AS DEFINED IN 15-30-171; AND

14 (B) "INCOME" HAS THE SAME MEANING AS DEFINED IN 15-30-171.

15

16 NEW SECTION. SECTION 3. TOBACCO TRUST -- INTEREST ALLOCATION. EACH YEAR, THE INTEREST AND
17 INCOME FROM \$10 MILLION OF THE MONTANA TOBACCO SETTLEMENT TRUST FUND PROVIDED FOR IN ARTICLE XII,
18 SECTION 4, OF THE MONTANA CONSTITUTION MUST BE DEPOSITED IN AN ACCOUNT IN THE STATE SPECIAL REVENUE FUND
19 TO THE CREDIT OF THE DEPARTMENT OF REVENUE TO REIMBURSE THE GENERAL FUND TO OFFSET THE COST OF THE CREDIT
20 PROVIDED FOR IN [SECTION 1].

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22 NEW SECTION. Section 4. Codification instruction. (1) {Section 1} is [SECTIONS 1 AND 2] ARE
23 intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15,
24 chapter 30, part 1, apply to [section SECTIONS 1 AND 2].

25 (2) [SECTION 3] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 17, CHAPTER 6, AND THE
26 PROVISIONS OF TITLE 17, CHAPTER 6, APPLY TO [SECTION 3].

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28 NEW SECTION. SECTION 5. COORDINATION INSTRUCTION. IF SENATE BILL NO. 129 AND [THIS ACT] ARE
29 BOTH PASSED AND APPROVED, THEN [SECTION 3] OF SENATE BILL NO. 129 MUST READ AS FOLLOWS:

30 "NEW SECTION. SECTION 3. MONTANA TOBACCO SETTLEMENT TRUST FUND -- STATE SPECIAL REVENUE FUND

1 ACCOUNT. (1) SUBJECT TO THE PROVISIONS OF [SECTION 3 OF HOUSE BILL NO. 534], NINE-TENTHS OF THE INTEREST
2 AND INCOME DERIVED FROM THE TRUST FUND ON OR AFTER JANUARY 1, 2001, MUST BE DEPOSITED IN AN ACCOUNT IN
3 THE STATE SPECIAL REVENUE FUND AND IS SUBJECT TO APPROPRIATION IN ACCORDANCE WITH SUBSECTION (3).
4 ONE-TENTH OF THE INTEREST AND INCOME DERIVED FROM THE TRUST FUND MUST REMAIN IN THE TRUST FUND.

5 (2) IN ADDITION TO THE MONEY REQUIRED TO BE DEPOSITED IN THE TRUST FUND AS PRINCIPAL, THE LEGISLATURE
6 MAY DEPOSIT ADDITIONAL MONEY IN THE TRUST FUND AS PRINCIPAL.

7 (3) THE LEGISLATURE SHALL APPROPRIATE MONEY FROM THE STATE SPECIAL REVENUE FUND ACCOUNT PROVIDED
8 FOR IN SUBSECTION (1) FOR PROGRAMS FOR TOBACCO DISEASE PREVENTION AND FOR STATE PROGRAMS THAT PROVIDE
9 BENEFITS, SERVICES, OR COVERAGE OF HEALTH CARE NEEDS.

10 (4) THE MONEY APPROPRIATED UNDER THIS SECTION MAY NOT BE USED TO REPLACE STATE OR FEDERAL MONEY
11 USED TO FUND PROGRAMS FOR TOBACCO DISEASE PREVENTION OR STATE PROGRAMS IN EXISTENCE ON DECEMBER 31,
12 1999, THAT PROVIDE BENEFITS, SERVICES, OR COVERAGE OF HEALTH CARE NEEDS."

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14 NEW SECTION. Section 6. Effective date. [This act] is effective ~~on passage and approval~~ JANUARY
15 1, 2003.

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17 ~~NEW SECTION. Section 4. Retroactive applicability.~~ [This act] ~~applies retroactively, within the~~
18 ~~meaning of 1-2-109, to tax years beginning after December 31, 2000.~~

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